

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6862**

**BILL NUMBER: HB 1077**

**DATE PREPARED: Jan 31, 2002**

**BILL AMENDED: Jan 30, 2002**

**SUBJECT: Child Support Arrearage.**

**FISCAL ANALYST: Michael Molnar**

**PHONE NUMBER: 232-9559**

**FUNDS AFFECTED: X GENERAL  
DEDICATED  
X FEDERAL**

**IMPACT: State & Local**

**Summary of Legislation:** (Amended) This bill provides that a court may issue an order directing a person to pay a child support arrearage. The bill provides that the order is enforceable by contempt or any other remedy available for the enforcement of a child support decree. The bill also provides that the county shall forward certain Title IV-D child support payments to FSSA.

**Effective Date:** Upon passage.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** This bill provides for separate court orders and enforcement remedies for child support arrearages. To the extent that enforcement leads to an increased recovery of child support payments by the state when payments have been assigned to the state by the application for assistance under TANF or AFDC, there could be positive impacts on local, state, and federal collections. This bill would apply to a child support arrearage arising from a dissolution of a marriage or a legal separation.

*Background:* The local, state, and federal government only retain support payments or arrearages in Title IV-D cases where the child was on public assistance. (*Counties would participate in distributions applicable to previous participation in the AFDC public assistance payments.*) Under the current statutes governing the distribution of child support payments and arrearages due, money owed to the child is paid first before any money is distributed to units of government. The only exception is that money recovered from federal income tax refund intercepts are distributed to the state, local, and federal governments first. The table below indicates the magnitude of child support payments collected and distributed by the Child Support Bureau.

<b>Disbursement of Child Support Collected</b>			
<b>Disbursed Collections</b>	<b>FY 1998</b>	<b>FY 1999</b>	<b>FY 2000</b>
TANF Recipients	9,016,577	9,340,926	5,535,654
Non-TANF Recipients	192,305,234	227,705,292	324,503,885
Federal	11,384,809	11,129,190	13,372,262
State	6,005,080	5,988,161	7,224,981
County	8,690,896	8,280,279	5,776,763
<b>Total Disbursements</b>	<b>\$227,402,596</b>	<b>\$262,443,848</b>	<b>\$357,002,273</b>
Note: These numbers represent a snapshot in time. For FY 2000 \$558,707 is listed as a monthly adjustment. This amount refers to payments received that have not been allocated to the appropriate category. The information needed to distribute the funds had not been completed due to missing information.			

**Explanation of Local Expenditures:** Counties may experience increased jail costs due to this bill. The bill contains a provision for holding a non-custodial parent in contempt of court for non-payment of a child support arrearage. This is currently common practice for orders requiring child support. Codification of this power for child support arrearages may increase the incarceration rate. The average cost of a day in jail is \$40 per day.

**Explanation of Local Revenues:** (Revised) See *Explanation of State Revenues*. [Note: Due to a problem with the language of the bill as currently drafted, the description, below, is provided for informational purposes to reflect the intent of the bill.]

The county currently receives a \$20 maintenance and support fee per year per obligor (\$10 if after June 30<sup>th</sup> and \$30 if after January 31<sup>st</sup>). Under the provisions of this bill, counties will distribute to FSSA a percentage of each maintenance and support fee collected for a Title IV-D child support case corresponding to the federal financial participation rate (currently approximately 62%). The county clerk may retain the balance of the fee for Title IV-D cases and 100% of the non-Title IV-D fees. Local revenues will decrease as a result of this bill. For FFY 2001 the counties collected a total of \$676,614 in annual maintenance and support fees for 39,981 Title IV-D cases.

*Background:* A federal audit of the Indiana Title IV-D program deemed that the annual maintenance and support fee collected by county clerk offices is income to the program. The state must submit the federal share of Title IV-D support and maintenance fees to the federal government (\$446,565.24 for FFY 2001). The county clerks currently retain 100% of this fee for maintenance and support of non-Title IV-D cases as well as Title IV-D cases.

**State Agencies Affected:** Family and Social Services Administration.

**Local Agencies Affected:** County jails.

**Information Sources:** Amy Brown, Legislative Director for the Family and Social Services Administration, (317) 232-1149; 2000 *Demographic Trend Report*, Division of Family and Children.